



2006 Business Assistance Report

**Summary of Business and Financial
Assistance Reported by State and Local
Government Agencies Provided Between
July 1, 1995 and December 31, 2005
In Accordance With Minnesota Statutes § 116J.993
Through § 116J.995**

(Appendices under separate cover)

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2006 BUSINESS ASSISTANCE REPORT

Introduction

The business subsidy law, Minnesota Statutes §116J.993 through §116J.995, provides a mechanism for taxpayers to learn about state and local funds used for business subsidies and financial assistance. The law applies to state and local government agencies with the authority to provide business subsidies including Job Opportunity Building Zone (JOBZ), Biozone, financial assistance. Grantors are required to submit a Minnesota Business Assistance Form (MBAF) to the Department of Employment and Economic Development (DEED) for each agreement signed since July 1, 1995 for two years after the benefit date or until goals are met, whichever is later.

Under the law, local government agencies in communities with a population of more than 2,500 and state agencies with the authority to grant subsidies must submit a report to DEED, regardless of whether they have awarded business subsidies. Local government agencies in communities with a population of 2,500 or less are exempt from filing the MBAF unless they have awarded a subsidy in the past five years. DEED is required to complete a report that summarizes submitted MBAFs every even-numbered year.

Data Collection

Reports can be filed to DEED by mailing a hard copy or using the online application launched in 2004. Because reporting requirements changed in 1999, for agreements entered into by agencies during the period of July 1, 1995 through July 31, 1999, agencies use the 1999 MBAF to fulfill reporting requirements. For agreements entered between August 1, 1999 and December 31, 2005, agencies use the standard MBAF form. Prior to 2004, agencies used different MBAFs for each year. Agencies were also instructed to submit a form each year until DEED receives a form documenting that the business has achieved all of its goals.

Forms summarized in this report cover business and financial assistance agreements reached between July 1, 1995 and December 31, 2005 that were submitted to DEED by June 1, 2006. These forms and forms submitted by government agencies after June 1 are available on DEED's web site.

Overview

Because the statute requires DEED to track each individual project awarded funding, grantors are required to submit information annually for each project for two years or until project achieves its goals, whichever is later. This report summarizes business subsidy agreements signed in 2005; agreements signed in previous years are updated and summarized in Appendices (B-I). The report is divided in three sections, non-JOBZ business assistance, Job Opportunity Building Zone (JOBZ) and Biozone business assistance. JOBZ assistance and Biozone assistance activity are summarized in Appendices (K-N). Project data is summarized for each year.

Business assistance activity has varied significantly from year to year as reported by state and local government agencies. Non-JOBZ activity peaked in 2000 with 203 agreements, falling in subsequent years to 69 agreements in 2005. However, when JOBZ and Biozone activity are included, 2004 was the most active year with 220 agreements. Activity level fell in 2005 to 172 total agreements.

Overview of Non-JOBZ Findings

The activity levels and total value of non-JOBZ business assistance have varied significantly from year to year as reported by state and local government agencies. There were 69 non-JOBZ business assistance agreements reported by government agencies in 2006 for 2005 activity, compared to 203 agreements reported for 2000 activity. The total value of business assistance provided has also varied significantly from year to year, from a total value of \$612.3 million for 2000 activity to \$17.8 million for August 1, 1999 and December 31, 1999 (see Table 1).

TABLE 1
Activity Levels and Total Value of Non-JOBZ Business Assistance Reached
Between July 1, 1995 and December 31, 2005

Activity Period	Activity Levels	Total Value (in millions)
January 1, 2005 – December 31, 2005	69	\$47.9
January 1, 2004 – December 31, 2004	87	\$33.5
January 1, 2003 – December 31, 2003	100	\$38.3
January 1, 2002 – December 31, 2002	142	\$39.3
January 1, 2001 – December 31, 2001	181	\$108.3
January 1, 2000 – December 31, 2000	203	\$612.3
August 1, 1999 – December 31, 1999	73	\$17.8
July 1, 1995 – July 31, 1999	404	\$179.9
Totals	1,259	\$1,077.5

2005 Non-JOBZ Activity

Of the 634 state and local government agencies that were required to file in 2006 either because of population size or previous business subsidy activity or current activity in 2005, 281 agencies submitted a MBAF and 353 agencies did not submit a form (see Appendix A).

Of the 281 agencies that submitted a form, 53 agencies reported on 69 eligible business assistance agreements that were reached between January 1, 2005 and December 31, 2005. The \$47.9 million of business assistance provided by those 69 agreements ranged from a \$30,000 tax abatement to a \$14.6 million TIF agreement. There were also two eligible financial assistance agreements reported by cities agencies – \$3.5 million for property polluted by contaminants and \$500,000 for renovating building stock and pollution control.

Of the 69 business assistance agreements, agencies reported that 23 recipients (33.3%) had achieved all stipulated goals and obligations, compared with 46 recipients (67.7%) that have yet to achieve all goals and obligations. All agencies reported that recipients had more time to meet their goals and obligations. The total value of those 23 agreements was \$4.2 million (8.8%) compared to \$43.7 (91.2%) outstanding.

Of the two eligible financial assistance agreements, one agency reported that the recipient had achieved all goals and obligations stipulated in the agreement and the other agency reported that the recipient had not yet achieved all goals. The total value of the agreement where goal were met was \$500,000 (12.5%) compared to \$3.5 million (87.5%) outstanding. The total value of financial assistance provided was \$4.0 million (see Appendix B).

2004 Non-JOBZ Activity

There were 87 eligible business assistance agreements reported by government agencies in 2005 and 2006 for 2004 activity. Of the 87 business assistance agreements reached between January 1, 2004 and December 31, 2004, agencies reported that 52 recipients (59.8%) had achieved all stipulated goals and obligations compared to 35 recipients (40.2%) that have yet to achieve all goals and obligations. The total value of those 52 agreements was \$13.1 million (39.1%) compared to \$20.4 million (60.9%) outstanding. The total value of business assistance provided was \$33.5 million.

There were also four eligible financial assistance agreements reported by government agencies in 2005 and 2006 for 2004 activity. Of the four financial agreements reached between January 1, 2004 and December 31, 2004, agencies reported that three recipients (75.0%) had achieved all goals and obligations stipulated in the agreements compared to one recipient (25.0%) that has yet to achieve all goals and obligations. The total value of those three agreements was \$2.0 million (93.8%) compared to \$0.1 million (6.2%) outstanding. The total value of financial assistance provided was \$2.1 million (see Appendix C).

2003 Non-JOBZ Activity

There were 100 eligible business assistance agreements reported by government agencies in 2004 through 2006 for 2003 activity. Of the 100 business assistance agreements reached between January 1, 2003 and December 31, 2003, agencies reported that 59 recipients (59.0%) had achieved all stipulated goals and obligations compared to 41 recipients (41.0%) that have yet to achieve all goals and obligations. The total value of those 59 agreements was \$23.3 million compared to \$15.0 million outstanding. The total value of business assistance provided was \$38.3 million.

There was also one eligible financial assistance agreement reported by a government agency in 2004 for 2003 activity. The agency reported that the one recipient had achieved all goals and obligations stipulated in the agreement (see Appendix D).

2002 Non-JOBZ Activity

There were 142 eligible business assistance agreements reported by government agencies in 2003 through 2006 for 2002 activity. Of the 142 business assistance agreements reached between January 1, 2002 and December 31, 2002, agencies reported that 88 recipients (62.0%) had achieved all stipulated goals and obligations compared with 54 recipients (38.0%) that have yet to achieve all goals and obligations. The total value of those 88 agreements was \$24.0 million (53.5%) compared to \$15.3 million (46.5%) outstanding. The total value of business assistance provided was \$39.3 million.

There were also four eligible financial assistance agreements reported by government agencies in 2003 through 2006 for 2002 activity. Of the four financial agreements reached between January 1, 2002 and December 31, 2002, agencies reported that three recipients had achieved all goals and obligations stipulated in the agreements compared to one recipient that has yet to achieve all goals and obligations. The total value of those three agreements was \$408,613 (45.0%) compared to \$500,000 (55.0%) outstanding. The total value of financial assistance provided was \$908,613 (see Appendix E).

2001 Non-JOBZ Activity

There were 181 eligible business assistance agreements reported by government agencies in 2002 through 2006 for 2001 activity. Of the 181 business assistance agreements reached between January 1, 2001 and December 31, 2001, agencies reported that 96 recipients (53.0%) had achieved all stipulated goals and obligations compared to 85 recipients (47.0%) that have yet to achieve all goals and obligations. The total value of those 96 agreements was \$24.1 million or (22.3%) compared to \$84.2 million outstanding (77.7%). The total value of business assistance provided was \$108.3 million.

There were also four eligible financial assistance agreements reported by a government agency in 2002 through 2006 for 2001 activity. Of the four financial agreements reached between January 1, 2001 and December 31, 2001, agencies reported that one recipient had achieved all goals and obligations compared to three recipients that have yet to achieve all goals and obligations. The total value of that one agreement was \$49,088 (24.0%) compared to \$155,577 (76.0%) outstanding. The total value of financial assistance provided was \$204,665 (see Appendix F).

2000 Non-JOBZ Activity

There were 203 eligible business assistance agreements reported by government agencies in 2001 through 2006 for 2000 activity. Of the 203 business assistance agreements reached between January 1, 2000 and December 31, 2000, agencies reported that 135 recipients (66.5%) had achieved all stipulated goals and obligations stipulated compared to 68 recipients (33.5%) that have yet to achieve all goals and obligations. The total value of those 135 agreements was \$526.9 million (86.0%) compared to \$85.4 million (14.0%) outstanding. The total value of business assistance provided was \$612.3 million.

There were also 10 eligible financial assistance agreements reported by government agencies in 2001 through 2006 for 2000 activity. Of the 10 financial agreements reached between January 1, 2000 and December 31, 2000, agencies reported that four recipients had achieved all stipulated goals and obligations stipulated in the agreements compared to six recipients that have yet to achieve all goals and obligations. The total value of the four agreements was \$11.0 million (96.5%) compared to \$0.4 million (3.5%) outstanding. The total value of the financial assistance provided was \$11.4 million (see Appendix G).

August 1, 1999 – December 31, 1999 Non-JOBZ Activity

There were 73 eligible business assistance agreements reported by government agencies in 2000 through 2006 for 1999 activity. Of the 73 business assistance agreements reached between August 1, 1999 and December 31, 1999, agencies reported that 55 recipients (75.3%) had achieved all stipulated goals and obligations compared to 18 recipients (24.7%) that have yet to achieve all goals and obligations and one agreement. The total value of those 55 agreements was \$14.9 million (83.4%) compared to \$2.9 million outstanding (16.6%). The total value of business assistance provided was \$17.8 million.

There was also one eligible financial assistance agreement reported by a government agency in 2001 for 1999 activity. The agency reported that one recipient had achieved all goals and obligations stipulated in the agreement. The total value of assistance provided was \$568,167 (see Appendix H).

July 1, 1995 – July 31, 1999 Non-JOBZ Activity

There were 404 eligible business assistance reported by government agencies in 2000 through 2006. Of the 404 business assistance agreements reached between July 1, 1995 and July 31, 1999, agencies reported that 325 recipients (80.4%) had achieved all stipulated goals and obligations compared to 59 recipients (14.6%) that have yet to achieve all goals and obligations and 20 recipients (5.0%) that were missing data. The total value of those 325 agreements was \$143.5 million (79.8%) compared to \$28.5 million (15.9%) outstanding and \$7.9 million (4.4%) that was missing data. The total value of business assistance provided was \$179.9 million (see Appendix I).

Public Hearing and Adopted Criteria

According to M.S. §116J.994 business subsidies may not be granted until the grantor has held a public hearing and adopted criteria for awarding business subsidies. Grantors are also required to submit a copy of their adopted criteria policies to DEED if they award business subsidies.

There were 448 agencies required to hold a public hearing in or prior to 2005 in accordance with the statute because of previous activity (see Appendix J). The distribution of agencies that reported holding a public hearing is as follows:

- 382 agencies or 85.3 percent reported holding a public hearing in compliance with the statute; and
- 66 agencies or 14.7 percent awarded business assistance but did not report holding a public hearing on the MBAF.

Of the 448 agencies that were required to submit criteria to DEED, the distribution of the criteria submitted by agencies is as follows:

- 375 agencies or 83.7 percent submitted criteria; and
- 73 agencies or 16.3 percent did not submit criteria, but awarded business assistance.

Recipients that Failed to Fulfill All Goals and Obligations through 2006

Under the law, DEED is required to report on the number of business assistance agreements for grantors that did not meet their goals. As of 2006, there were 20 agreements reported by grantors that recipients had failed to fulfill all goals and obligations in the business assistance agreement (see Appendices E-H).

Public Purpose for Assistance Agreements

Minnesota Statutes §116J.994 requires that business and financial assistance agreements state a public purpose. Of the 69 business assistance agreements entered into in 2005, creating high quality job growth, 53 agreements (76.8%), and increasing the tax base, 44 agreements (63.8%)¹, accounted for the highest share of public purpose reported by government agencies. Other types of public purpose included increasing economic diversity, 22 agreements (31.9%), other public purposes, 22 agreements (31.9%), job retention, 16 agreements (23.2%) and stabilizing the community, 13 agreements (18.8%).

2005 Activity Findings

Forms summarized in this section of the report encompass business and financial assistance agreements reached between January 1, 2005 and December 31, 2005. Under the business subsidy law, agencies are required to submit MBAF form for two years after the benefit date or until goals are met, whichever is later.

Industry Sector for Assistance for Recipients

Of the 69 business assistance reported by government agencies in 2004, the manufacturing sector accounted for 29 agreements (42.0%), services, 18 agreements (26.1%), other, six agreements (8.7%), wholesale trade, five agreements (7.2%), retail trade, four agreements (5.8%), construction, four agreements (5.8%), and finance, insurance and real estate, three agreements (4.3%) (see Table 2).

¹ Increasing the tax base was used by agencies in conjunction with other public purposes.

TABLE 2
Distribution of Non-JOBZ Business Assistance Agreements by Industrial Sector for
Agreements Reached Between January 1, 2005 and December 31, 2005

Sector	Quantity	Percentage	Dollar Amount (in millions)	Percentage
Manufacturing	29	42.0%	\$20.9	43.7%
Services	18	26.1%	\$13.0	27.1%
Other	6	8.7%	\$6.1	12.7%
Wholesale Trade	5	7.2%	\$5.7	11.9%
Retail Trade	4	5.8%	\$1.0	2.2%
Construction	4	5.8%	\$0.6	1.3%
Finance	3	4.3%	\$0.6	1.2%
Total	69	100.0%	\$47.9	100.0%

Of \$47.9 million in business assistance provided by government agencies, the services sector accounted for \$20.9 million (43.7%), other, \$13.0 million (27.1%), manufacturing, \$6.1 million (12.7%), retail trade, \$5.7 million (11.9%), wholesale trade, 1.0 million (2.2%), finance, insurance and real estate, \$0.6 million (1.3%) and construction, \$0.6 million (1.2%).

The finance, insurance and real estate and other² sectors accounted for the two financial assistance agreements reported in 2006. The total amount of the financial assistance was for \$4.0 million.

Distribution of Assistance Agreements

Cities accounted for most of the business assistance agreement reported in 2006. As Table 3 shows, the distribution and dollar value of the 69 business subsidy agreements on the MBAF, cities accounted for 61 agreements (88.4%), counties for three agreements (4.3%), other for three agreements (4.3%) and the state for two agreements (2.9%).

TABLE 3
Distribution of Non-JOBZ Business Assistance by Government Agency for Agreements
Reached Between January 1, 2005 and December 31, 2005

Grantor Classification	Quantity	Percentage	Dollar Amount (in millions)	Percentage
City ³	61	88.4%	\$45.2	94.3%
County	3	4.3%	\$1.1	2.4%
Other ⁴	3	4.3%	\$1.4	2.9%
State	2	2.9%	\$0.2	0.4%
Total	69	100.0%	\$47.9	100.0%

² Other is land redevelopment.

³ City includes economic development authorities (EDAs).

⁴ Other is port authorities.

Of the \$47.9 million in business subsidies reported on the MBAF, city agencies accounted for \$45.2 million (94.3%), other agencies \$1.4 million (2.9%), county agencies \$1.1 million (2.4%) and state agencies \$0.2 million (0.4%).

Two city agencies accounted for all the financial assistance activity reported in 2004. The city agencies reported two eligible agreements that had a total value of \$4.0 million.

Regional Distribution of Assistance Agreements

The Twin Cities 7-county region accounted for most of the business assistance reported in 2004. As Table 4 shows, of the 69 business assistance agreements reported in 2004, the Twin Cities region accounted for 27 agreements (39.1%), Central for 16 agreements (23.2%), Southeast for seven agreements (10.1%), Southwest for seven agreements (10.1%), West Central for seven agreements (10.1%), Northeast for three agreements (4.3%), and Northwest for two agreements (2.9%).

TABLE 4
Regional Distribution of Non-JOBZ Business Assistance Agreements
Reached Between January 1, 2005 and December 31, 2005

Region	Quantity	Percentage	Dollar Amount (in millions)	Percentage
Twin Cities	27	39.1%	\$35.5	74.1%
Central	16	23.2%	\$2.3	4.9%
Southeast	7	10.1%	\$6.9	14.5%
Southwest	7	10.1%	\$1.4	3.0%
West Central	7	10.1%	\$1.2	2.6%
Northeast	3	4.3%	\$0.3	0.7%
Northwest	2	2.9%	\$0.2	0.4%
Total	69	100.0%	\$47.9	100.0%

Of the \$47.9 million of business subsidies reported in 2006 by government agencies, the Twin Cities region provided about \$35.5 million (74.1%), Southeast \$6.9 million (14.5%), Central \$2.3 million (4.9%), Southwest \$1.4 million (3.0%), West Central \$1.2 million (2.6%), Northwest \$0.3 million (0.7%), and Northeast \$0.2 million (0.4%).

The Twin Cities seven-county region reported two financial assistance agreements in 2006 that provided for a total of \$4.0 million in assistance.

Type and Value of Assistance Provided

Of the \$47.9 million in subsidies reported by state, county and local government agencies, amounts ranged from a \$30,000 in assistance for tax abatement to \$14.6 million for TIF. The median value was \$139,720 for all agreements awarded.

TIF and loans were the most common types of subsidies provided. Of the 69 business subsidies agreements reported by government agencies, there were 82 types of business subsidies reported because several agencies reported more than one type of assistance for each project. As Table 5 illustrates, of the 82 types of business subsidies reported by government agencies, TIF was involved in 27 (32.9%) agreements and loans were involved in 16 agreements (19.5%).

TABLE 5
Distribution of Non-JOBZ Business Assistance Agreements Reached
Between January 1, 2005 and December 31, 2005

Type	Quantity	Percentage	Dollar Amount (in millions)	Percentage
TIF	27	32.9%	\$23.6	49.3%
Loans	16	19.5%	\$2.8	5.8%
Tax Abatement	13	15.9%	\$6.3	13.1%
Land Contribution	12	14.6%	\$3.2	6.6%
Contribution of Property	6	7.3%	\$2.9	6.0%
Grants	5	6.1%	\$9.0	18.8%
Other	3	3.7%	\$0.4	0.2%
Total	82	100.0%	\$47.9	100.0%

TIF accounted for the highest share of assistance by value, 49.3% (\$23.6 million), followed by grants, 18.8% (\$9.0 million).

There were two financial assistance agreements reported in 2006 by city agencies for a total of \$4.0 million. The assistance provided was for property polluted by contaminants, renovating building stock and pollution control.

Goals and Actual Performance

Grantors are required to identify the types of goals that recipients receiving business assistance were expected to achieve. Grantors are also required to indicate the progress toward these goals.

Under the law, if the assistance agreement includes specific wage and job goals then those goals must be attained within two years of the benefit date. Assistance agreements can also include other goals. Of the 69 eligible business assistance agreements entered into by agencies between January 1, 2005 and December 31, 2005, 63 agreements (91.3%) established specific job and wage goals.

Of the 63 business assistance agreements that were reported by agencies that established specific wage goals, 23 agreements (36.5%) have attained specific job and wage goals; and 40 agreements (63.5%) reported that the recipient had not attained specific job and wage goals. All agencies reported that recipients had more time to meet their goals.

There were 25 business assistance agreements that were reported by agencies that established goals other than wage and job goals. Of the 25 agreements reported by agencies that established goals other than wage and job goals, nine recipients attained their goals. All agencies reported that recipients had more time to meet their goals.

Actual Performance

Of the 69 business assistance agreements entered into by government agencies between January 1, 2005 and December 31, 2005, agencies reported 23 agreements where recipients had achieved all goals and obligations stipulated in the agreements. All agencies reported that recipients had more time to meet their goals and obligations. The total value of those 23 agreements was \$4.2 million out of the \$47.9 million of business assistance reported between January 1, 2005 and December 31, 2005.

The two financial assistance agreements reported to DEED indicated, that the one recipient had achieved all goals and obligations stipulated in the agreement. The total value for the agreement was \$500,000 with \$3.5 million outstanding (See Appendix B).

Full-time Job Creation and Wages

Under the law, the business assistance, in addition to other goals, must include goals for the number of jobs created, which may include separate goals for the number of full-time or part-time jobs and wage goals for jobs created.

Of the 69 eligible business assistance agreements, agencies reported a full-time creation goal of 2,537 jobs with an average hourly benefit range between \$1.40 and \$10.50 (see Table 6). Agencies reported 552 actual full-time jobs created. All agencies reported that recipients had more time to meet their job creation and wage goals. The distribution of full-time job creation and wage goals and actual performance was as follows:

TABLE 6
Distribution of Non-JOBZ Full-time Job Creation, Wage Goals and Actual Performance for
Agreements Reached Between January 1, 2005 and December 31, 2005

Goals				Actual		
Hourly Wage	Average Hourly Benefit	Number of Jobs	Percentage	Average Hourly Benefit	Number of Jobs	Percentage
No Hourly Wage	\$0.00	13	0.5%	\$0.00	0	0.0%
Less than \$7.00	\$2.28	24	0.9%	\$0.00	0	0.0%
\$7.00 to \$8.99	\$0.00	23	0.9%	\$3.71	7	1.3%
\$9.00 to \$10.99	\$1.40	356	14.0%	\$5.08	136	24.6%
\$11.00 to \$12.99	\$4.12	386	15.2%	\$3.43	77	13.9%
\$13.00 to \$14.99	\$3.25	98	3.9%	\$2.83	85	15.4%
\$15.00 to \$16.99	\$3.50	104	4.1%	\$3.61	90	16.3%
\$17.00 to \$18.99	\$8.00	8	0.3%	\$3.77	36	6.5%
\$19.00 to \$20.99	\$9.00	7	0.3%	\$4.88	26	4.7%
\$21.00 to \$22.99	\$8.75	1	0.0%	\$5.45	34	6.2%
\$23.00 to \$24.99	\$6.00	7	0.3%	\$4.16	17	3.1%
\$25.00 to \$26.99	\$10.50	3	0.1%	\$6.39	8	1.4%
\$27.00 to \$28.99	\$0.00	0	0.0%	\$3.99	5	0.9%
\$29.00 to \$30.99	\$0.00	0	0.0%	\$0.00	0	0.0%
\$31.00 and higher	\$5.85	1,507	59.4%	\$7.66	31	5.6%
Total		2,537	100.0%		552	100.0%

There were no full-time job creation goals for the two eligible financial assistance agreements.

Part-time Job Creation and Wages

Of the 69 eligible business assistance agreements, agencies reported a part-time creation goal of 53 jobs with no average hourly benefit. Agencies reported 64 actual part-time jobs. One agency reported an actual part-time hourly benefit of \$2.28 for one job (see Table 7). The distribution of actual part-time job creation and wage goals and actual performance was as follows:

TABLE 7
Distribution of Non-JOBZ Part-time Job Creation, Wage Goals and Actual Performance for
Agreements Reached Between January 1, 2005 and December 31, 2005

Goals				Actual		
Hourly Wage	Average Hourly Benefit	Number of Jobs	Percentage	Average Hourly Benefit	Number of Jobs	Percentage
No Hourly Wage	\$0.00	0	0.0%	\$0.00	0	0.0%
Less than \$7.00	\$0.00	22	41.5%	\$0.00	22	34.0%
\$7.00 to \$8.99	\$0.00	30	56.6%	\$0.00	24	37.5%
\$9.00 to \$10.99	\$0.00	0	0.0%	\$0.00	11	17.2%
\$11.00 to \$12.99	\$0.00	1	1.9%	\$0.00	3	4.7%
\$13.00 to \$14.99	\$0.00	0	0.0%	\$0.00	1	1.6%
\$15.00 to \$16.99	\$0.00	0	0.0%	\$0.00	1	1.6%
\$17.00 to \$18.99	\$0.00	0	0.0%	\$0.00	1	1.6%
\$19.00 to \$20.99	\$0.00	0	0.0%	\$0.00	0	0.0%
\$21.00 to \$22.99	\$0.00	0	0.0%	\$0.00	0	0.0%
\$23.00 to \$24.99	\$0.00	0	0.0%	\$0.00	0	0.0%
\$25.00 to \$26.99	\$0.00	0	0.0%	\$2.28	1	1.6%
Total		53	100.0%		64	100.0%

Job Retention Goals and Actual Performance

Of the 69 eligible business assistance agreements, agencies reported a job retention goal of 545 jobs with an average hourly benefit range between \$1.15 and \$3.16. Agencies reported 574 actual jobs retained. The average hourly benefit value range was between \$1.94 and \$9.20 (see Table 8). The distribution of retained jobs goals, wages and actual performance was as follows:

TABLE 8
Distribution of Non-JOBZ Job Retention Goals, Wages and Actual Performance for
Agreements Reached Between January 1, 2005 and December 31, 2005

Goals				Actual		
Hourly Wage	Average Hourly Benefit	Number of Jobs	Percentage	Average Hourly Benefit	Number of Jobs	Percentage
No Hourly Wage	\$1.15	172	31.6%	\$0.00	0	0.0%
Less than \$7.00	\$0.00	0	0.0%	\$0.00	0	0.0%
\$7.00 to \$8.99	\$0.00	0	0.0%	\$0.00	12	2.1%
\$9.00 to \$10.99	\$0.00	161	29.5%	\$4.96	161	28.0%
\$11.00 to \$12.99	\$3.16	105	19.3%	\$1.94	22	3.8%
\$13.00 to \$14.99	\$0.00	26	4.8%	\$3.54	80	13.9%
\$15.00 to \$16.99	\$0.00	21	3.9%	\$2.84	52	9.1%
\$17.00 to \$18.99	\$0.00	0	0.0%	\$5.21	97	16.9%
\$19.00 to \$20.99	\$0.00	28	5.1%	\$2.68	69	12.0%
\$21.00 to \$22.99	\$0.00	0	0.0%	\$5.00	7	1.2%
\$23.00 to \$24.99	\$0.00	32	5.9%	\$0.00	41	7.1%
\$25.00 to \$26.99	\$0.00	0	0.0%	\$5.80	28	4.9%
\$27.00 to \$28.99	\$0.00	0	0.0%	\$0.00	0	0.0%
\$29.00 to \$30.99	\$0.00	0	0.0%	\$0.00	0	0.0%
\$31.00 and higher	\$0.00	0	0.0%	\$9.20	5	0.9%
Total		545	100.0%		574	100.0%

Overview of JOBZ Findings

This section summarizes Job Opportunity Building Zone (JOBZ) business subsidy agreements signed in 2005 and reported on the MBAF. There were 98 JOBZ business assistance agreements reported by government agencies in 2006 for 2005 activity. There were also 131 JOBZ business assistance agreements reported by agencies in 2006 for 2004 activity (see Table 9).

TABLE 9
Activity Levels of JOBZ Business Assistance Reached
Between January 1, 2004 and December 31, 2005

Activity Period	Activity Levels
January 1, 2005 – December 31, 2005	98
January 1, 2004 – December 31, 2004	131
Totals	229

There were 126 local government agencies that reported on 229 JOBZ business assistance agreements that were reached between January 1, 2004 and December 31, 2005.

2005 JOBZ Activity

Of the 98 JOBZ business assistance agreements reached between January 1, 2005 and December 31, 2005, agencies reported capital investment of \$135.5 million (95.0 million for real property - land and buildings – and \$40.5 million for personal – equipment). The full-time job creation goal for those 98 agreements was 1,249 jobs compared to actual job creation of 1,010 jobs. The job retention goal was 870 jobs compared to 870 actual jobs retained. Agencies reported that recipients had more time to meet their goals and obligations in the agreements (see Appendix K).

2004 JOBZ Activity

Of the 131 JOBZ business assistance agreements reached between January 1, 2004 and December 31, 2005, agencies reported capital investment of \$454.8 million (\$230.8 million for real property – land and buildings – and \$224.0 million for personal – equipment). The full-time job creation goal for those 131 agreements was 2,079 jobs compared to actual job creation of 2,659 jobs. The job retention goal 716 jobs compared to 1,161 jobs retained (see Appendix L).

Public Purpose for JOBZ Business Assistance Agreements

Minnesota Statutes §116J.994 requires that business assistance agreements including JOBZ agreements state a public purpose. Of the 98 JOBZ business assistance agreements entered into in 2005, creating high quality job growth, 83 agreements (84.7%), and increasing economic diversity, 76 agreements (77.6%), accounted for the highest share of public purpose reported by government agencies. Other types of public purposes included stabilizing the community, 65 agreements (66.3%), job retention, 55 agreements (56.1%), increasing the tax base, 42 agreements (42.9%) and other, four agreements (4.1%).

Recipients that Failed to Fulfill All Goals and Obligations through 2006

As of 2006, there were three agreements reported by grantors that recipients did not meet their specific wage and job goals in the JOBZ business assistance agreement (see Appendix L).

Relocation for JOBZ Business Assistance Agreements

Of the 98 JOBZ business assistance agreements reached between January 1, 2005 and December 31, 2005, agencies reported that 36 agreements (36.7%) of the recipients relocated as a result of signing the JOBZ agreement and 62 agreements (63.3%) did not. Of the 36 agreements that were a result of relocation, there were a total 104 employees that ceased to be employed as a result of the relocation. However, 489 full-time jobs have been created as a result of the relocation.

Of the 131 JOBZ business assistance agreements reached between January 1, 2004 and December 31, 2004, agencies reported that 48 agreements (36.6%) of the recipients relocated as a result of signing the JOBZ agreement and 83 agreements (63.4%) did not. Agencies reported that no employee ceased to be employed as of result of the relocation.

Industry Sector for JOBZ Business Assistance for Recipients

Of the 98 JOBZ business assistance agreements reported by government agencies in 2006, the manufacturing sector accounted for 63 agreements (64.3%), services, 15 agreements (15.3%), other, 13 agreements (13.3%), wholesale trade, five agreements (5.1%), and construction, two agreements (2.0%) (see Table 10).

TABLE 10
Distribution of JOBZ Business Assistance Agreements by Industrial Sector for Agreements
Reached Between January 1, 2005 and December 31, 2005

Sector	Quantity	Percentage
Manufacturing	63	64.3%
Services	15	15.3%
Other	13	13.3%
Wholesale Trade	5	5.1%
Construction	2	2.0%
Total	98	100.0%

Zone Distribution of JOBZ Business Assistance Agreements

The Region 5 zone accounted for most of the JOBZ business assistance reported in 2006. As Table 11 illustrates of the 98 JOBZ business agreements reported in 2006, Region 5 accounted for 23 agreements (23.5%) followed by West Central for 20 agreements (20.4%) and Southwest for 18 agreements (18.4%). The location of the JOBZ zones are on DEED's website at deed.state.mn.us/bizdev/joblocator.htm.

TABLE 11
Zone Distribution of JOBZ Business Assistance Agreements Reached Between
January 1, 2005 and December 31, 2005

Zone	Quantity	Percentage
Region 5	23	23.5%
West Central	20	20.4%
Southwest	18	18.4%
South Minnesota JOBZ Alliance	13	13.3%
Positively Southern Minnesota	11	11.2%
Land of the Dancing Sky	6	6.1%
Northeast	3	3.1%
Region 7E	2	2.0%
Headwaters JOBZ	1	1.0%
Upper Minnesota Valley	1	1.0%
Total	98	100.0%

JOBZ Goals and Actual Performance

Of the 98 JOBZ business assistance agreements entered into by agencies between January 1, 2005 and December 31, 2005, 95 agreements (96.9%) established specific job and wage goals, and three agreements (3.1%) did not. Of these 95 JOBZ business assistance agreements, 36 agreements (37.9%) have attained specific job and wage goals; and 59 agreements (62.1%) reported that the recipient had not attained specific job and wage goals. All agencies reported that recipients had more time to meet their goals.

There were 69 JOBZ business assistance agreements that were reported by agencies that established other (i.e., not specific) job creation and/or retention goals. Under the JOBZ program, qualified businesses are required to retain jobs for the duration of the program until December 31, 2015. Of the 69 agreements reported by agencies that established other job creation and/or retention goals, two recipients attained their goals. All agencies reported that recipients had more time to meet their goals.

There were two JOBZ business assistance agreements that were reported by agencies that established other wage goals. Of the two agreements reported by agencies that established other wage goals, no recipient had attained their goals. All agencies reported that recipients had more time to meet their goals.

There were 43 JOBZ business assistance agreements that were reported by agencies that established goals other than wage and job goals (e.g., capital investment). Of the 43 agreements reported by agencies that established goals other than wage and job goals, four recipients attained their goals. All agencies reported that recipients had more time to meet their goals.

Full-time JOBZ Job Creation Goals, Wages and Actual Performance

Under the law, JOBZ business assistance agreements in addition to other goals, agreements must include goals for the number of jobs created, which may include separate goals for the number of full-time, part-time and retained jobs and wage goals for jobs created.

Of the 98 JOBZ business assistance agreements, agencies reported a full-time job creation goal of 1,249 compared to actual jobs created of 1,010. The average salary excluding benefits was \$13.04 with an average hourly benefit range for the jobs created between \$1.22 and \$5.00. The actual average salary excluding benefits was \$15.37 with an average hourly benefit range for jobs created between \$1.97 and \$8.46. The distribution of full-time job creation, wage goals and actual performance were as follows:

TABLE 12
Full-time Job Creation and Wage Goals and Actual Performance for JOBZ
Agreements Reached Between January 1, 2005 and December 31, 2005

Goals				Actual		
Hourly Wage Level	Average Hourly Benefit	Number of Jobs	Total Hourly Pay	Average Hourly Benefit	Number of Jobs	Total Hourly Pay
\$ 7.00	\$0.00	10	\$ 70	\$1.97	7	\$ 49
\$ 8.00	\$0.00	19	\$ 152	\$2.40	10	\$ 80
\$ 9.00	\$1.83	22	\$ 198	\$2.67	41	\$ 369
\$10.00	\$1.22	496	\$ 4,960	\$2.54	79	\$ 790
\$11.00	\$1.57	140	\$ 1,540	\$2.84	118	\$ 1,298
\$12.00	\$1.64	135	\$ 1,620	\$3.13	115	\$ 1,380
\$13.00	\$2.25	89	\$ 1,157	\$3.63	87	\$ 1,131
\$14.00	\$2.92	62	\$ 868	\$3.77	47	\$ 658
\$15.00	\$1.33	8	\$ 120	\$3.62	66	\$ 990
\$16.00	\$2.00	1	\$ 16	\$4.32	119	\$ 1,904
\$17.00	\$0.00	4	\$ 68	\$3.94	125	\$ 2,125
\$18.00	\$1.75	5	\$ 90	\$4.90	20	\$ 360
\$19.00	\$3.00	26	\$ 494	\$4.12	43	\$ 817
\$20.00	\$5.00	6	\$ 120	\$4.09	9	\$ 180
\$21.00	\$0.00	216	\$ 4,536	\$5.96	14	\$ 294
\$22.00	\$0.00	0	\$ 0	\$3.73	5	\$ 110
\$23.00	\$0.00	0	\$ 0	\$6.90	1	\$ 23
\$24.00	\$0.00	0	\$ 0	\$5.64	7	\$ 168
\$25.00	\$0.00	0	\$ 0	\$5.47	11	\$ 275
\$26.00	\$0.00	0	\$ 0	\$4.38	20	\$ 520
\$27.00	\$0.00	0	\$ 0	\$4.49	5	\$ 135
\$28.00	\$0.00	9	\$ 252	\$5.82	9	\$ 252
\$29.00	\$0.00	0	\$ 0	\$5.49	5	\$ 145
\$30.00	\$0.00	0	\$ 0	\$5.17	1	\$ 30
\$31.00	\$0.00	0	\$ 0	\$5.84	36	\$ 116
\$32.00	\$0.00	1	\$ 32	\$8.46	10	\$ 320
Jobs & Hourly Pay		1,249	\$16,293		1,010	\$15,519
Average Salary Excluding Benefits			\$13.04	\$15.37		

Part-time JOBZ Job Creation, Wages and Actual Performance

Of the 98 JOBZ business assistance agreements, agencies reported a part-time job creation goal of nine jobs compared to actual jobs created of 32. The average salary excluding benefits for part-time jobs goals was \$11.44 compared to an actual average salary \$12.50. No average hourly benefits were reported by agencies (see Table 13). The distribution of part-time job creation, wage goals and actual performance were as follows:

TABLE 13
Part-time Job Creation and Wage Goals and Actual Performance for JOBZ
Agreements Reached Between January 1, 2005 and December 31, 2005

Goals				Actual		
Hourly Wage Level	Average Hourly Benefit	Number of Jobs	Total Hourly Pay	Average Hourly Benefit	Number of Jobs	Total Hourly Pay
\$ 7.00	\$0.00	0	\$ 0	\$0.00	1	\$ 7
\$ 8.00	\$0.00	1	\$ 8	\$0.00	1	\$ 8
\$ 9.00	\$0.00	0	\$ 0	\$0.00	2	\$ 18
\$10.00	\$0.00	0	\$ 0	\$0.00	6	\$ 60
\$11.00	\$0.00	1	\$ 11	\$0.00	2	\$ 22
\$12.00	\$0.00	7	\$ 84	\$0.00	12	\$144
\$13.00	\$0.00	0	\$ 0	\$0.00	1	\$ 13
\$14.00	\$0.00	0	\$ 0	\$0.00	1	\$ 14
\$15.00	\$0.00	0	\$ 0	\$0.00	2	\$ 30
\$16.00	\$0.00	0	\$ 0	\$0.00	0	\$ 0
\$17.00	\$0.00	0	\$ 0	\$0.00	0	\$ 0
\$18.00	\$0.00	0	\$ 0	\$0.00	2	\$ 36
\$19.00	\$0.00	0	\$ 0	\$0.00	0	\$ 0
\$20.00	\$0.00	0	\$ 0	\$0.00	1	\$ 20
\$21.00	\$0.00	0	\$ 0	\$0.00	0	\$ 0
\$22.00	\$0.00	0	\$ 0	\$0.00	0	\$ 0
\$23.00	\$0.00	0	\$ 0	\$0.00	0	\$ 0
\$24.00	\$0.00	0	\$ 0	\$0.00	0	\$ 0
\$25.00	\$0.00	0	\$ 0	\$0.00	0	\$ 0
\$26.00	\$0.00	0	\$ 0	\$0.00	0	\$ 0
\$27.00	\$0.00	0	\$ 0	\$0.00	0	\$ 0
\$28.00	\$0.00	0	\$ 0	\$0.00	1	\$ 28
Jobs & Hourly Pay		9	\$103		32	\$400
Average Salary Excluding Benefits			\$11.44	\$12.50		

JOBZ Job Retention, Wage Goals and Actual Performance

Of the 98 JOBZ business assistance agreements, agencies reported a job retention goal of 870 compared to actual jobs retained of 870. The average salary excluding benefits was \$11.64 with an average hourly benefit range for the jobs retained between \$1.00 and \$3.60. The actual average salary excluding benefits was \$15.11 with an average hourly benefit range for jobs retained between \$0.42 and \$9.45 (see Table 14). The distribution of job retention, wage goals and actual performance were as follows:

TABLE 14
Job Retention and Wage Goals and Actual Performance for JOBZ
Agreements Reached Between January 1, 2005 and December 31, 2005

Goals				Actual		
Hourly Wage Level	Average Hourly Benefit	Number of Jobs	Total Hourly Pay	Average Hourly Benefit	Number of Jobs	Total Hourly Pay
\$ 7.00	0.00	6	\$ 42	0.42	2	\$ 14
\$ 8.00	0.00	0	\$ 0	1.95	2	\$ 16
\$ 9.00	3.45	78	\$ 702	2.93	17	\$ 153
\$10.00	2.40	156	\$ 1,560	3.78	55	\$ 550
\$11.00	2.13	205	\$ 2,255	2.68	148	\$ 1,628
\$12.00	1.89	33	\$ 396	2.89	124	\$ 1,488
\$13.00	3.59	374	\$ 4,862	3.18	107	\$ 1,391
\$14.00	0.00	3	\$ 42	4.64	93	\$ 1,302
\$15.00	1.65	7	\$ 105	3.32	129	\$ 1,935
\$16.00	0.00	0	\$ 0	3.31	11	\$ 176
\$17.00	0.00	0	\$ 0	4.87	13	\$ 221
\$18.00	1.66	4	\$ 72	3.39	14	\$ 252
\$19.00	1.00	1	\$ 19	4.51	14	\$ 266
\$20.00	1.00	1	\$ 20	3.57	15	\$ 300
\$21.00	0.00	0	\$ 0	4.59	7	\$ 147
\$22.00	0.00	0	\$ 0	4.14	6	\$ 132
\$23.00	0.00	0	\$ 0	5.45	4	\$ 92
\$24.00	1.00	2	\$ 48	3.22	9	\$ 216
\$25.00	0.00	0	\$ 0	6.46	7	\$ 175
\$26.00	0.00	0	\$ 0	7.87	19	\$ 494
\$27.00	0.00	0	\$ 0	5.96	19	\$ 513
\$28.00	0.00	0	\$ 0	6.79	4	\$ 112
\$29.00	0.00	0	\$ 0	4.22	6	\$ 174
\$30.00	0.00	0	\$ 0	0.00	0	\$ 0
\$31.00	0.00	0	\$ 0	5.59	39	\$ 1,209
\$32.00	0.00	0	\$ 0	9.45	6	\$ 192
Jobs & Hourly Pay		870	\$10,123		870	\$13,148
Average Salary Excluding Benefits			\$11.64	\$15.11		

Overview of Biozone Findings

This report summarizes Biozone business assistance agreements signed in 2005. Project data have been aggregated into one section for each reporting year. There were five Biozone agreements reported by government agencies in 2006 for 2005 activity. There were also two Biozone business assistance agreements reported by agencies in 2006 for 2004 activity (see Table 15).

TABLE 15
Activity Levels of Biozone Assistance Reached Between
January 1, 2004 and December 31, 2005

Activity Period	Activity Levels
January 1, 2005 – December 31, 2005	5
January 1, 2004 – December 31, 2004	2
Totals	7

2005 Biozone Activity

Of the five Biozone business assistance agreements reached between January 1, 2005 and December 31, 2005, agencies reported a full-time job creation goal of 28 jobs compared to actual job creation of 33 jobs. Agencies reported that recipients had more time to meet their goals and obligations stipulated in the agreements (see Appendix M).

2004 Biozone Activity

Of the two Biozone business assistance agreements reached between January 1, 2004 and December 31, 2004, agencies reported a full-time job creation goal of 27 jobs and a job retention goal of 3.5 jobs. Agencies reported no jobs were created or retained via the MBAF. Agencies reported that recipients had more time to meet their goals and obligations stipulated in the agreements (see Appendix N).

Public Purpose for Biozone Business Assistance Agreements

Minnesota Statutes §116J.994 requires that business assistance agreements including Biozone agreements state a public purpose. Of the five Biozone business assistance agreements entered into in 2005, increasing economic diversity, creating high quality job growth, stabilizing the community and other⁵ accounted for the highest share of public purpose reported by government agencies, five agreements (100.0%) following by job retention, four agreements (80.0%).

Industry Sector for Biozone Assistance for Recipients

Of the five Biozone agreements reported by government agencies in 2006, the service sector accounted for all of the agreements.

Zone Distribution of Biozone Business Assistance Agreements

The Twin Cities region accounted for all the Biozone business assistance reported in 2006.

Biozone Goals and Actual Performance

The Biozone assistance agreements must include specific wage and job goals and those goals must be attained within two years of the benefit date. Biozone assistance agreements can also include other goals such as remaining in the zone for the duration of the program. Of the five Biozone business assistance agreements entered into by agencies between January 1, 2005 and December 31, 2005, four agreements (80.0%) established specific job and wage goals, and one agreement (20.0%) did not.

⁵ Other public purpose was linking with a research institution.

Of the four Biozone business assistance agreements that were reported by agencies that established specific wage goals; three agreements (75.0%) have attained specific job and wage goals; and one agreement (25.0%) reported that the recipient had not yet attained the goals. The agency reported that the recipient had more time to meet the goals.

There were four Biozone business assistance agreements that were reported by agencies that established other job creation and/or retention goals. Under the Biozone program, qualified businesses are required to retain jobs for the duration of the program until December 31, 2010. No recipient has attained their goals at this time. All agencies reported that recipients had more time to meet their job retention goals.

There were two Biozone assistance agreements that were reported by agencies that established goals other than wage and job goals. Of the two agreements reported by agencies, one recipient attained their goals. The agency reported that the recipient had more time to meet their goals.

Full-time Biozone Job Creation Goals, Wages and Actual Performance

Biozone business assistance agreements, in addition to other goals, agreements must include goals for the number of jobs created, which may include separate goals for the number of full-time jobs and wage goals for jobs created.

Of the five Biozone business assistance agreements, agencies reported a full-time job creation goals of 28 jobs with no hourly benefit reported. Agencies reported 33 actual full-time jobs created (see Table 16). All agencies reported that recipients had more time to meet their job creation and wage goals. The distribution of full-time job creation, wage goals and actual performance was follows:

TABLE 16
Distribution of Full-time Biozone Job Creation, Wage Goals and Actual Performance for
Agreements Reached Between January 1, 2005 and December 31, 2005

Goals				Actual		
Hourly Wage	Average Hourly Benefit	Number of Jobs	Percentage	Average Hourly Benefit	Number of Jobs	Percentage
\$13.00 to \$14.99	\$0.00	28	100.0%	\$0.00	3	9.1%
\$15.00 to \$16.99	\$0.00	0	0.0%	\$0.00	5	15.2%
\$17.00 to \$18.99	\$0.00	0	0.0%	\$0.00	3	9.1%
\$19.00 to \$20.99	\$0.00	0	0.0%	\$0.00	4	12.1%
\$21.00 to \$22.99	\$0.00	0	0.0%	\$0.00	2	6.1%
\$23.00 to \$24.99	\$0.00	0	0.0%	\$0.00	2	6.1%
\$25.00 to \$26.99	\$0.00	0	0.0%	\$0.00	2	6.1%
\$27.00 to \$28.99	\$0.00	0	0.0%	\$0.00	1	3.0%
\$29.00 to \$30.99	\$0.00	0	0.0%	\$0.00	1	3.0%
\$31.00 and higher	\$0.00	0	0.0%	\$0.00	10	30.3%
Total		28	100.0%		33	100.0%